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OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

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RE: 2003 Service Quality Reports for Electric Distribution and Local Gas Distribution Companies, D.T.E. 04-12 through D.T.E. 04-25

Dear Electric and Gas Distribution Companies:

Pursuant to Service Quality Standards for Electric Distribution Companies and Local Gas Distribution Companies, D.T.E. 99-84, Att. 1, at 17 (2001), all gas and electric distribution companies operating within the Commonwealth of Massachusetts filed their 2003 annual service quality ("SQ") reports with the Department of Telecommunications and Energy ("Department").<sup>1</sup> The Department docketed the companies' SQ reports as D.T.E. 04-12 through D.T.E. 04-25.<sup>2</sup>

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<sup>1</sup> Eleven gas and electric distribution companies filed their annual SQ reports on March 1, 2004. Fitchburg Gas and Electric Light Company, Blackstone Gas Company, and New England Gas Company filed their SQ reports on February 26, 2004, March 8, 2004, and March 31, 2004, respectively.

<sup>2</sup> The docket numbers are as follows: Bay State Gas Company, D.T.E. 04-12; Berkshire Gas Company, D.T.E. 04-13; Blackstone Gas Company, D.T.E. 04-14; Boston Edison Company, D.T.E. 04-15; Boston Gas Company, D.T.E. 04-16; Cambridge Electric Light Company, D.T.E. 04-17; Colonial Gas Company, D.T.E. 04-18; Commonwealth Electric Company, D.T.E. 04-19; Essex Gas Company, D.T.E. 04-20; Fitchburg Gas and Electric Light Company, D.T.E. 04-21; Massachusetts Electric Company/Nantucket Electric Company, D.T.E. 04-22; NSTAR Gas Company, D.T.E. 04-23; New England Gas Company, D.T.E. 04-24; and Western Massachusetts Electric Company, D.T.E. 04-25.

In its SQ report, Massachusetts Electric Company (“MECo”) states that it met or exceeded benchmarks in all SQ penalty measures (MECo Filing at § II-1). Nantucket Electric Company (“Nantucket”) reports that it failed to meet its benchmark in the Lost-Time Accident Rate measure, but was able to offset any penalty because it exceeded its benchmark in the Telephone Answering measure (Nantucket Filing at § II-1). MECo and Nantucket state that, according to their SQ plan approved by the Department in Massachusetts Electric Company, D.T.E. 01-71B at 24 (2002), their performance results in incentive amounts of \$3,770,551.00 for MECo and \$8,346 for Nantucket (*id.*).<sup>3</sup>

The Department has reviewed MECo and Nantucket’s SQ reports and responses to discovery. Based on this review, the Department concludes that MECo and Nantucket have reported their SQ performance in a manner consistent with our Guidelines and D.T.E. 01-71B. In accordance with their SQ plan, MECo and Nantucket’s SQ performance in 2003 results in incentive amounts of \$3,770,551.00 for MECo and \$8,346 for Nantucket. The Department directs MECo and Nantucket to submit a proposal within three weeks from the date of this Letter Order regarding recovery of that incentive amount.

Boston Gas Company (“Boston Gas”) and Essex Gas Company (“Essex”) state that they have no net penalties (Boston Gas Filing at I-1; Essex Filing at I-1). Boston Gas reports that it failed to meet its requisite benchmark in Lost-Time Accident Rate, but that it exceeded its benchmark in Odor Calls Response (Boston Gas Filing at I-1). Essex reports that, for the second consecutive year, it failed to meet its benchmark in Telephone Answering, but that it exceeded its benchmark in Consumer Division Cases, Lost Time Accident Rate, and Odor Calls Response (Essex Filing at I-1). Both companies state that any potential penalties they may have incurred are offset by their performance in other SQ measures so that they have no net penalties. Based on a review of their SQ reports and responses to discovery, the Department concludes that Boston Gas and Essex have reported their SQ performance and calculated their penalties in a manner consistent with our Guidelines and their SQ plans.<sup>4</sup>

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<sup>3</sup> MECo and Nantucket’s SQ plan differs from other distribution companies’ SQ plans. MECo and Nantucket’s SQ plan includes the potential for the companies to incur additional penalties than other companies under certain conditions where they fail to meet specific established benchmarks. D.T.E. 01-71B at 10-11. MECo’s SQ plan also allows them to earn incentives if their distribution rates are below the state-wide average distribution rates and they exceed their established SQ benchmarks in the penalty measures. D.T.E. 01-71B at 23-24.

<sup>4</sup> The Department approved the SQ plans for Boston Gas and Essex in D.T.E. 99-84, Letter Order (April 17, 2002).

Eight distribution companies report that, according to their SQ plans approved by the Department, they met or exceeded their established benchmarks in all SQ penalty measures and, therefore, had no penalties: Bay State Gas Company; Berkshire Gas Company; Boston Edison Company; Cambridge Electric Light Company; Colonial Gas Company; Commonwealth Electric Company; New England Gas Company; and NSTAR Gas Company (Bay State Gas Company Filing at I-1; Berkshire Gas Company Filing at I-1; Boston Gas Company Filing at I-1; Cambridge Electric Light Company Filing at I-1; Colonial Gas Company Filing at I-1; Commonwealth Electric Company Filing at I-1; New England Gas Company Filing at I-1, III-1; NSTAR Gas Company Filing at I-1). Based on a review of their SQ reports and responses to discovery, the Department concludes that these distribution companies have provided SQ consistent with the Guidelines and their SQ plans.<sup>5</sup>

Western Massachusetts Electric Company (“WMECo”), Blackstone Gas Company (“Blackstone”) and Fitchburg Gas and Electric Light Company (“Fitchburg”) are not subject to either a PBR or a merger-related rate plan; consequently, the companies are not subject to penalties for failure to meet SQ benchmarks. D.T.E. 99-84, Letter Order at 5 (April 17, 2002). These companies, however, file their SQ reports for informational purposes only.

WMECo reports that, for the second consecutive year, it failed to meet its benchmark in System Average Interruption Duration Index (WMECo Filing at I-1). WMECo states that it exceeded its benchmarks in Meter Reads, Telephone Answering, Consumer Division Cases and Bill Adjustments (*id.*). Blackstone Gas Company (“Blackstone”) and Fitchburg Gas and Electric Light Company (Fitchburg”) report that they met or exceeded their established benchmarks in all SQ penalty measures (Blackstone Filing at I-1; Fitchburg Filing at I-1).

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<sup>5</sup> The Department approved the SQ plans for Berkshire Gas Company, Colonial Gas Company, New England Gas Company and NSTAR Gas Company in D.T.E. 99-84, Letter Order (April 17, 2002). The Department approved the SQ plans for Boston Edison Company, Cambridge Electric Light Company and Commonwealth Electric Company in D.T.E. 99-84, Letter Order (December 5, 2002). The Department approved the SQ plan for Bay State Gas Company in D.T.E. 99-84, Letter Order (May 28, 2002).

In D.T.E. 99-84, at 42, the Department limited the term of the Guidelines, as well as SQ plans created to incorporate the Guidelines, to three years. As we approach the conclusion of the gas and electric distribution companies' current SQ plans, the Department will initiate an investigation designed to review the Guidelines and each company's SQ plan.

By Order of the Department,

\_\_\_\_\_/s\_\_\_\_\_  
Paul G. Afonso, Chairman

\_\_\_\_\_/s\_\_\_\_\_  
James Connelly, Commissioner

\_\_\_\_\_/s\_\_\_\_\_  
W. Robert Keating, Commissioner

\_\_\_\_\_/s\_\_\_\_\_  
Eugene J. Sullivan, Jr., Commissioner

\_\_\_\_\_/s\_\_\_\_\_  
Deirdre K. Manning, Commissioner